MULTIMEDIA UNIVERSITY

STUDENT ID NO

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FINAL EXAMINATION

TRIMESTER 2, 2016/2017

BMR3134 – STRATEGIC MARKETING

(All sections / Groups)

8th MARCH 2017
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 5 pages with 4 Questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

ANSWER ALL QUESTIONS

SKEEN: GIVING LAPTOPS AN IDENTITY

Skeen is a sole-proprietorship company registered in Singapore by entrepreneur Evangial Han. The company deals in designer laptop sleeves or covers. The company outsources its production to a factory in Shenzhen, China, and promotes its products through wholesalers across the globe. However, Skeen has decided to move into the retailing business and acquired a shopfront at Marina Square in Singapore. Skeen has adopted a multi-channel approach of marketing by launching its e-shop on May 31, 2007, to better cater to international consumers.

PRODUCT ASSORTMENT

Skeen currently markets laptop covers and sleeves with intricate patterns; these are mainly in black or plain colours to distinguish the designs from the competitors'. Each cover acts as a "skin" over the laptop, with elastic straps on the top corners of the cover holding them onto the laptop screen. Skeen provides a protective cover of high quality polyurethane foam.

Skeen also markets wrist pads for laptop users; these are placed over the hand-rest area of the laptop. The wrist pads are fabric-based products that have an anti-slide material at the base to prevent movement. The function of the wrist pad is to prevent scratches on the laptop body and sweat stain marks from forming due to sweaty palms or prolonged usage. The soft material also provides a cushioning for the user's wrists, making typing over long periods more bearable. Skeen has also marketed laptop bags since the end of 2007.

TARGET MARKET AND MARKETING RESEARCH

Skeen targets young and trendy owners of laptops by providing fashionable laptop covers with myriad designs. The target consumers by age and demographics are mainly tertiary students and young executives (aged 18-30) with relatively high spending power. Skeen is also looking to enter the traveller's market due to its strategic location at Marina Square, which is a draw for foreign expatriates attending conventions in Suntec City or staying in the nearby hotels such as The Ritz Carlton, Marina Mandarin, and Oriental Hotel. The presence of a strong traveller retailer in the shopping center, The Planet Traveller, also augments Skeen's future endeavours into this market segment.

Skeen acquires customer information and feedback on products and designs by using focus groups and simple questionnaires. Before every launch of a new design, Skeen uses a focus group of young people from tertiary institutions to vote for the better designs and reject the poorer ones. This allows Skeen to predict more accurately which design will sell better and which might not. With such information, Skeen is able to modify production quantities for each design and also the pricing to some degree. Currently, designs rated high are priced at SS69.90 and above, while designs that are rated lower are priced from S$49.90 to S$59.90 in Singapore. Different prices are used for other markets outside Singapore.

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Feedback on functional design, future modifications, and identification of new innovative needs is collected through a simple questionnaire. This information helps Skeen know the potential trend directly from the customers' perspective and allows it to remain flexible in adopting these suggestions to its future products. It is a cost effective method to generate new product innovation ideas.

Skeen currently does not employ a focus group on executives due to higher costs in gathering office staff. Instead, it uses an external company, The Gift Factory, to gather information from executives. The Gift Factory is a company that specializes in corporate gifts. As such, it has experience and knowledge of what corporate executives want or need. The Gift Factory has working relationships with large corporations such as Singapore Airlines and ExxonMobil.

Some feedback gathered from The Gift Factory include (a) requests for corporate name/logo emblazed onto the covers, (b) thinner foam so that covers can still be used with existing laptop bags, (c) less striking colours/designs, and (d) additional space/compartment for wires/adaptors.

Skeen uses simple surveys to garner information from tourists and expatriates who shop around Marina Square. Some fundamental questions include (a) Are the designs eye-catching? (b) Would more oriental designs attract you? (c) Are your peers back home willing to purchase through an Internet shop?

CUSTOMER LOYALTY

Skeen realizes that customer loyalty and a strong branding is critical to its business. The product itself is not unique, nor can it be protected by patents or trademarks. As such, Skeen expects competitors to enter the industry and offer similar products.

Skeen's decision to open a retail outlet in Singapore as compared to using other marketing channels (for example, direct sales or consignment to other retailers) is primarily fuelled by the aim of building a strong brand presence in the shortest time. Having an independent storefront gives credibility to the products, especially when it is new in the Singapore market. Skeen feels compelled to do so especially with mounting pressures by potential competitors who could easily duplicate Skeen's products. With this strategic move, Skeen will be the first shop in Singapore that specializes in laptop covers.

Skeen is firm with its quality controls at the Shenzhen factory. The foam used is high-grade polyurethane that has "memory" qualities. The factory initially offered low-grade polyether foam but Skeen was adamant about quality and would not compromise on this area. The finishing of the products—such as quality in the printing and sewing—is also critically evaluated by Skeen. Skeen also produces prototypes that go through rigorous testing before mass production to ensure quality standards are met.

Laptops have many screen sizes, differing in length and breadth. As such, it is difficult for customers to accurately gauge which Skeen cover will fit their laptop snugly. At the moment, Skeen offers two generic-size covers, one for 12-13-inch monitors and the other for 14-15-inch monitors. To tackle this problem, Skeen sales personnel are given a comprehensive list of computers and their dimensions in the retail shop so as to better

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help customers choose the correct size. These schematics are also posted at highly visible areas of the shop for customers to preview. Skeen does not cater to 17-inch or 10-inch-or-smaller laptops, and Skeen's sales personnel will do a final check on the sizing before the closing of the sale.

Skeen also allows a 30-day return of goods if they are damaged. For example, if the zip is faulty or if the stitching starts to fray, customers are allowed to return their products within 30 days and receive a new cover. Skeen distinguishes itself from its competitors by having a unique relation with customers through the design process. Skeen employs many designers (students or professionals) to design fashionable prints for their covers. As such, many designers are loyal to the product and provide excellent word-of-mouth publicity when their designs are actually launched.

Skeen held a national design competition in mid-2008 with an attractive money prize for top winning designs. This competition distinguishes Skeen from its competitors by creating brand awareness through aggressive publicity. Likewise, Skeen is able to source for a pool of talented designers for future contracts and designs. Once the e-shop is running smoothly, Skeen intends to hold monthly competitions through the shop where designers simply upload their designs to be judged by consumers who browse through the shop and vote. The winners will receive a money prize/discount vouchers and have the joy of having their design produced and sold worldwide.

ACQUISITION OF QUALITY STAFF

Being a small retailer company, Skeen requires few sales managers, or merchandising and logistic personnel. Instead, the people that could make or break the company are frontline sales personnel and designers.

Sales personnel in the retail store are the frontline people who come into actual contact with consumers and therefore can be influential in the purchase decision-making process. Skeen requires that its sales personnel be (a) positive and friendly, (b) well informed, and (c) persuasive. Simple personality tests are administered to interviewees and sales personnel are put on probation to test their capabilities first before being offered a permanent job.

Basic product training is also given to sales personnel, especially in the area of laptop schematics and product knowledge. As mentioned, sales personnel are expected to know the latest laptop dimensions and provide customers with the recommendations for which size of cover to purchase. Knowledge of material used for the covers and the protective capabilities of the "memory" foam can help assure consumers of the quality of the product. Training can also come in other forms, such as training for soft skills in persuasiveness. The company knows that the art of selling is an important skill that should be imparted to sales personnel early. Sales personnel are not encouraged to engage in hard selling of any kind to customers as this will damage the reputation of the store.

Finally, sales compensation is aligned with performance to ensure diligence. Skeen currently operates with a wage of S$4 per hour and a commission of S$4 per cover sold. This creates an incentive for sales staff to actively push products to customers through quality service.

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Although designers do not have direct contact with end consumers, they play an integral part in the company and thus need to be evaluated. Currently Skeen employs a full-time chief designer who is responsible for coming up with the main flagship designs and also vetting the designs from other sources. She has the final say on whether the design will be launched or not. The other designers are sourced from a variety of places, such as the National University of Singapore Industrial Design (ID) School, or are freelance designers or even amateurs. Designers are responsible for not only aesthetically pleasing designs but also for the general product design. In having ID students as designers, Skeen is able to tap low-cost expertise.

Student designers and amateurs are currently paid S$50 per design. This amount is attractive to students and amateurs and serves to attract new designers. When Skeen discovers a talented designer, or when a certain designer has shown good performance and has an extended working relation with Skeen, the payment increases to S$75 per design. Finally successful regular designers get S$100 per design.

Source : Kerin, Hartley, Rudelius, Geok, Marketing in Asia, McGraw Hill (2009)

QUESTION 1

(a) Identify who are the target customers for Skeen.

(4 marks)

(b) Discuss any TWO (2) segments that can be used by Skeen to segment its market.

(4 marks)

(c) Discuss FOUR (4) factors the company must look at to select its market.

(12 marks)
(Total: 20 marks)

QUESTION 2

(a) Discuss the FIVE (5) different ways in which Skeen can communicate with its target audiences?

(30 marks)

(b) Explain FIVE (5) factors that influence the promotional mix decision?

(20 marks)
(Total: 50 marks)

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QUESTION 3

(a) Define marketing objectives.

(2 marks)

(b) Identify FOUR (4) marketing objectives that Skeen can set for the next few years?

(8 marks)

(Total: 10 marks)

QUESTION 4

Discuss any FOUR (4) direct marketing tools Skeen can use to reach out to its customers?

(Total: 20 marks)

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